

# Item 7: Financial Statements and Financial Highlights for Open-End Management Investment Companies

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## ANNUAL FINANCIAL STATEMENTS AND OTHER INFORMATION

March 31, 2025

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# NICHOLAS EQUITY INCOME FUND, INC.

*CONSISTENCY in a world of change*



# Financial Highlights (NSEIX)

For a share outstanding throughout each period

	Years Ended March 31,				
	2025	2024	2023	2022	2021
NET ASSET VALUE,					
BEGINNING OF PERIOD .....	\$ 21.94	\$ 19.84	\$ 21.57	\$ 21.75	\$ 15.14
INCOME (LOSS) FROM					
INVESTMENT OPERATIONS					
Net investment income <sup>(1)</sup> .....	.41	.44	.40	.36	.36
Net gain (loss) on securities					
(realized and unrealized) .....	.20	2.54	(1.35)	2.02	7.23
Total from investment operations .....	.61	2.98	(.95)	2.38	7.59
LESS DISTRIBUTIONS					
From net investment income .....	(.41)	(.45)	(.38)	(.36)	(.29)
From net capital gain .....	(.46)	(.43)	(.40)	(2.20)	(.69)
Total distributions .....	(.87)	(.88)	(.78)	(2.56)	(.98)
NET ASSET VALUE,					
END OF PERIOD .....	<u>\$ 21.68</u>	<u>\$ 21.94</u>	<u>\$ 19.84</u>	<u>\$ 21.57</u>	<u>\$ 21.75</u>
TOTAL RETURN .....	2.88%	15.68%	(4.31)%	11.23%	51.18%
SUPPLEMENTAL DATA					
Net assets, end of period (millions) .....	\$ 449.8	\$ 473.7	\$ 442.0	\$ 487.4	\$ 459.6
Ratio of expenses to average net assets .....	.70%	.70%	.70%	.70%	.72%
Ratio of net investment income					
to average net assets .....	1.88%	2.22%	2.00%	1.65%	1.92%
Portfolio turnover rate .....	28.42%	11.98%	18.75%	18.11%	33.58%

<sup>(1)</sup> Computed based on average shares outstanding.

The accompanying notes to financial statements are an integral part of these highlights.

# Schedule of Investments

March 31, 2025

Shares or Principal Amount		Value
<b>COMMON STOCKS — 97.10%</b>		
	<b>Communication Services - Media &amp; Entertainment — 1.68%</b>	
204,234	Comcast Corporation Class A .....	\$ 7,536,235
	<b>Consumer Discretionary - Consumer Discretionary Distribution &amp; Retail — 5.26%</b>	
20,300	Home Depot, Inc. ....	7,439,747
88,930	TJX Companies Inc .....	10,831,674
97,372	Tractor Supply Company .....	5,365,197
		<u>23,636,618</u>
	<b>Consumer Discretionary - Consumer Durables &amp; Apparel — 1.05%</b>	
74,062	NIKE, Inc. ....	<u>4,701,456</u>
	<b>Consumer Staples - Consumer Staples Distribution &amp; Retail — 1.43%</b>	
61,732	Target Corporation .....	<u>6,442,352</u>
	<b>Consumer Staples - Food, Beverage &amp; Tobacco — 3.61%</b>	
99,242	Coca-Cola Company .....	7,107,712
88,409	Mondelez International, Inc. Class A .....	5,998,551
19,680	Philip Morris International Inc. ....	3,123,806
		<u>16,230,069</u>
	<b>Consumer Staples - Household &amp; Personal Products — 3.58%</b>	
46,550	Procter & Gamble Company .....	7,933,051
137,325	Unilever PLC Sponsored ADR .....	8,177,704
		<u>16,110,755</u>
	<b>Energy - Energy — 5.96%</b>	
79,795	Chevron Corporation .....	13,348,906
70,843	ConocoPhillips .....	7,439,932
119,100	Enterprise Products Partners L.P. ....	4,066,074
32,480	Williams Companies, Inc. ....	1,941,005
		<u>26,795,917</u>

The accompanying notes to financial statements are an integral part of this schedule.

# Schedule of Investments (continued)

March 31, 2025

Shares or Principal Amount		Value
<b>COMMON STOCKS — 97.10% (continued)</b>		
<b>Financials - Banks — 6.13%</b>		
40,625	JPMorgan Chase & Co. ....	\$ 9,965,312
52,800	PNC Financial Services Group, Inc. ....	9,280,656
197,405	U.S. Bancorp .....	8,334,439
		<u>27,580,407</u>
<b>Financials - Financial Services — 8.12%</b>		
8,444	BlackRock, Inc. ....	7,992,077
136,345	Charles Schwab Corp .....	10,673,087
38,282	Cohen & Steers, Inc. ....	3,072,130
104,175	Nasdaq, Inc. ....	7,902,715
49,500	Raymond James Financial, Inc. ....	6,876,045
		<u>36,516,054</u>
<b>Financials - Insurance — 2.06%</b>		
30,620	Chubb Limited .....	9,246,934
<b>Health Care - Health Care Equipment &amp; Services — 8.36%</b>		
92,048	Abbott Laboratories .....	12,210,167
103,150	Medtronic Plc .....	9,269,059
40,946	Quest Diagnostics Incorporated .....	6,928,063
17,544	UnitedHealth Group Incorporated .....	9,188,670
		<u>37,595,959</u>
<b>Health Care - Pharmaceuticals, Biotechnology &amp; Life Sciences — 10.69%</b>		
44,219	AbbVie, Inc. ....	9,264,765
153,015	AstraZeneca PLC Sponsored ADR .....	11,246,602
49,460	Johnson & Johnson .....	8,202,446
59,752	Merck & Co., Inc. ....	5,363,340
256,900	Pfizer Inc. ....	6,509,846
135,600	Sanofi Sponsored ADR .....	7,520,376
		<u>48,107,375</u>
<b>Industrials - Capital Goods — 7.84%</b>		
97,931	A. O. Smith Corporation .....	6,400,770
5,413	Eaton Corp. Plc .....	1,471,416
19,975	Illinois Tool Works Inc. ....	4,954,000
27,642	L3Harris Technologies Inc .....	5,785,747

The accompanying notes to financial statements are an integral part of this schedule.

# Schedule of Investments (continued)

March 31, 2025

Shares or Principal Amount		Value
<b>COMMON STOCKS — 97.10% (continued)</b>		
<b>Industrials - Capital Goods — 7.84% (continued)</b>		
33,260	Lincoln Electric Holdings, Inc. ....	\$ 6,291,462
17,844	Rockwell Automation, Inc. ....	4,610,533
11,340	Watsco, Inc. ....	5,764,122
		<u>35,278,050</u>
<b>Industrials - Commercial &amp; Professional Services — 1.25%</b>		
53,861	Booz Allen Hamilton Holding Corporation .....	<u>5,632,783</u>
<b>Industrials - Transportation — 1.59%</b>		
30,287	Union Pacific Corporation .....	<u>7,155,001</u>
<b>Information Technology - Semiconductors &amp; Semiconductor Equipment — 6.04%</b>		
52,930	Analog Devices, Inc. ....	10,674,393
52,612	Broadcom Inc. ....	8,808,827
159,137	Microchip Technology Incorporated .....	7,703,822
		<u>27,187,042</u>
<b>Information Technology - Software &amp; Services — 8.26%</b>		
15,885	Accenture plc .....	4,956,755
38,621	International Business Machines Corporation .....	9,603,498
38,047	Microsoft Corporation .....	14,282,463
59,547	Oracle Corporation .....	8,325,266
		<u>37,167,982</u>
<b>Information Technology - Technology Hardware &amp; Equipment — 1.22%</b>		
89,095	Cisco Systems, Inc. ....	<u>5,498,052</u>
<b>Materials - Materials — 2.98%</b>		
23,829	Air Products and Chemicals, Inc. ....	7,027,649
85,500	DuPont de Nemours, Inc. ....	6,385,140
		<u>13,412,789</u>
<b>Real Estate - Equity Real Estate Investment Trusts (REITs) — 4.61%</b>		
40,847	Alexandria Real Estate Equities, Inc. ....	3,778,756
37,635	American Tower Corporation .....	8,189,376
10,750	Equinix, Inc. ....	8,765,013
		<u>20,733,145</u>

The accompanying notes to financial statements are an integral part of this schedule.

# Schedule of Investments (continued)

March 31, 2025

Shares or Principal Amount		Value
<b>COMMON STOCKS — 97.10% (continued)</b>		
	<b>Utilities - Utilities — 5.38%</b>	
167,120	CMS Energy Corporation .....	\$ 12,552,383
103,610	NextEra Energy, Inc. ....	7,344,913
39,650	WEC Energy Group Inc .....	4,321,057
		<u>24,218,353</u>
	<b>TOTAL COMMON STOCKS</b>	
	(cost \$305,544,069) .....	<u>436,783,328</u>
<b>SHORT-TERM INVESTMENTS — 2.85%</b>		
	<b>Money Market Deposit Account — 1.52%</b>	
\$6,847,131	U.S. Bank Money Market, 4.20% .....	<u>6,847,131</u>
	<b>Money Market Fund — 1.33%</b>	
6,000,000	Morgan Stanley Institutional Liquidity Funds Government Portfolio (Institutional Class), 7-day net yield, 4.271% ...	<u>6,000,000</u>
	<b>TOTAL SHORT-TERM INVESTMENTS</b>	
	(cost \$12,847,131) .....	<u>12,847,131</u>
	<b>TOTAL INVESTMENTS</b>	
	(cost \$318,391,200) — 99.95% .....	<u>449,630,459</u>
	<b>OTHER ASSETS, NET OF LIABILITIES — 0.05% .....</b>	<u>211,710</u>
	<b>TOTAL NET ASSETS</b>	
	(basis of percentages disclosed above) — 100% ....	<u>\$ 449,842,169</u>

The accompanying notes to financial statements are an integral part of this schedule.

# Statement of Assets and Liabilities

March 31, 2025

## ASSETS

Investments in securities at value (cost \$318,391,200) .....	\$ 449,630,459
Receivables .....	
Dividend and interest .....	554,378
Capital stock subscription .....	20,916
Total receivables .....	<u>575,294</u>
Other .....	<u>10,122</u>
Total assets .....	<u><u>450,215,875</u></u>

## LIABILITIES

Payables	
Due to adviser	
Management fee .....	237,201
Accounting and administration fee .....	6,406
Total due to adviser .....	<u>243,607</u>
Capital stock redemption .....	80,180
Other payable and accrued expense .....	49,919
Total liabilities .....	<u>373,706</u>
Total net assets .....	<u><u>\$ 449,842,169</u></u>

## NET ASSETS CONSIST OF

Paid in capital .....	\$ 304,564,303
Accumulated distributable earnings .....	145,277,866
Total net assets .....	<u><u>\$ 449,842,169</u></u>

NET ASSET VALUE PER SHARE (\$.0001 par value, 250,000,000 shares authorized), offering price and redemption price (20,750,021 shares outstanding) .....

\$21.68

The accompanying notes to financial statements are an integral part of this statement.

# Statement of Operations

For the year ended March 31, 2025

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## INCOME

Dividend (net of foreign taxes of \$51,757) .....	\$ 10,993,200
Interest .....	1,094,652
Total income .....	<u>12,087,852</u>

## EXPENSES

Management fee .....	2,865,648
Transfer agent fees .....	78,196
Administration services .....	77,430
Accounting & pricing services .....	54,352
Registration fees .....	42,310
Audit and tax fees .....	41,500
Custodian fees .....	23,659
Directors' fees .....	23,130
Insurance .....	18,043
Legal fees .....	12,383
Printing .....	12,166
Postage and mailing .....	7,431
Other operating expenses .....	11,595
Total expenses .....	<u>3,267,843</u>
Net investment income .....	<u>8,820,009</u>

NET REALIZED GAIN ON INVESTMENTS .....	<u>18,248,575</u>
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## CHANGE IN NET UNREALIZED APPRECIATION/DEPRECIATION

ON INVESTMENTS .....	<u>(13,519,052)</u>
Net realized and unrealized gain (loss) on investments .....	<u>4,729,523</u>
Net increase (decrease) in net assets resulting from operations .....	<u>\$ 13,549,532</u>

The accompanying notes to financial statements are an integral part of this statement.



# Statements of Changes in Net Assets

For the years ended March 31, 2025 and 2024

	Year Ended 3/31/2025	Year Ended 3/31/2024
INCREASE (DECREASE) IN NET ASSETS FROM OPERATIONS		
Net investment income .....	\$ 8,820,009	\$ 9,778,290
Net realized gain on investments .....	18,248,575	8,021,159
Change in net unrealized appreciation/depreciation on investments .....	(13,519,052)	47,477,423
Net increase (decrease) in net assets resulting from operations .....	13,549,532	65,276,872
DISTRIBUTIONS TO SHAREHOLDERS FROM		
Investment operations .....	(18,680,087)	(19,498,942)
CAPITAL SHARE TRANSACTIONS		
Proceeds from shares issued (470,978 and 1,058,011 shares, respectively) .....	10,254,929	20,792,088
Reinvestment of distributions (597,603 and 775,290 shares, respectively) .....	12,824,318	14,944,269
Cost of shares redeemed (1,912,855 and 2,520,264 shares, respectively) ....	(41,826,656)	(49,815,961)
Change in net assets derived from capital share transactions .....	(18,747,409)	(14,079,604)
Total increase (decrease) in net assets .....	(23,877,964)	31,698,326
NET ASSETS		
Beginning of period .....	473,720,133	442,021,807
End of period .....	<u>\$ 449,842,169</u>	<u>\$ 473,720,133</u>

The accompanying notes to financial statements are an integral part of these statements.

# Notes to Financial Statements

March 31, 2025

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## (1) Summary of Significant Accounting Policies —

Nicholas Equity Income Fund, Inc. (the “Fund”) is organized as a Maryland corporation and is registered as an open-end, diversified management investment company under the Investment Company Act of 1940, as amended. The primary objective of the Fund is to produce reasonable income with moderate long-term growth. The following is a summary of the significant accounting policies of the Fund:

- (a) Equity securities traded on a stock exchange will ordinarily be valued on the basis of the last sale price on the date of valuation on the securities principal exchange, or if in the absence of any sale on that day, the closing bid price. For securities principally traded on the NASDAQ market, the Fund uses the NASDAQ Official Closing Price. Investments in shares of open-end mutual funds, including money market funds, are valued at their daily closing net asset value. Debt securities, excluding short-term investments, are valued at their current evaluated bid price as determined by an independent pricing service, which generates evaluations on the basis of dealer quotes for normal institutional-sized trading units, issuer analysis, bond market activity and various other factors. Short-term investments are valued using evaluated bid prices. Securities for which market quotations may not be readily available are valued at their fair value as determined in good faith by procedures adopted by the Board of Directors. The Board of Directors has delegated fair value responsibilities to Nicholas Company, Inc., the Fund’s adviser. The Fund did not maintain any positions in derivative instruments or engage in hedging activities during the period. Investment transactions for financial statement purposes are recorded on trade date.

In accordance with Accounting Standards Codification (“ASC”) 820-10, “Fair Value Measurement” (“ASC 820-10”), fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. ASC 820-10 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value such as a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below.

Level 1 - quoted prices in active markets for identical investments

# Notes to Financial Statements (continued)

March 31, 2025

Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, benchmark yields, bids, offers, transactions, spreads and other relationships observed in the markets among market securities, underlying equity of the issuer, proprietary pricing models, credit risk, etc.)

Level 3 - significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of March 31, 2025 in valuing the Fund's investments carried at value:

Valuation Inputs	Investments in Securities
Level 1 –	
Common Stocks <sup>(1)</sup> .....	\$ 436,783,328
Money Market Deposit Account .....	6,847,131
Money Market Fund .....	6,000,000
Level 2 –	
None .....	—
Level 3 –	
None .....	—
Total .....	<u>\$ 449,630,459</u>

(1) See Schedule of Investments for further detail by industry.

The Fund did not hold any Level 3 investments during the period.

- (b) Net realized gain (loss) on portfolio securities was computed on the basis of specific identification.
- (c) Dividend income is recorded on the ex-dividend date, and interest income is recognized on an accrual basis. Non-cash dividends, if any, are recorded at value on date of distribution. Generally, discounts and premiums on long-term debt security purchases, if any, are amortized over the expected lives of the respective securities using the effective yield method.
- (d) Provision has not been made for federal income taxes or excise taxes since the Fund has elected to be taxed as a “regulated investment company” and intends to distribute substantially all net investment income and net realized capital gains on sales of investments to its shareholders and otherwise comply with the provisions of Subchapter M of the Internal Revenue Code applicable to regulated investment companies.

# Notes to Financial Statements (continued)

March 31, 2025

- (e) Dividends and distributions paid to shareholders are recorded on the ex-dividend date. Distributions from net investment income are generally declared and paid at least quarterly. Distributions of net realized capital gain, if any, are declared and paid at least annually.

The amount of distributions from net investment income and net realized capital gain are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles ("U.S. GAAP") for financial reporting purposes. Financial reporting records are adjusted for permanent book-to-tax differences to reflect tax character. These reclassifications have no effect on net assets or net asset value per share. At March 31, 2025, reclassifications were recorded to decrease undistributed ordinary income by \$345,881, decrease accumulated undistributed net realized capital gains by \$356,654, and increase paid in capital by \$702,535.

The tax character of distributions paid during the years ended March 31, 2025 and 2024 was as follows:

	03/31/2025	03/31/2024
Distributions paid from:		
Ordinary income .....	\$8,737,323	\$10,016,329
Long-term capital gain .....	<u>9,942,764</u>	<u>9,482,613</u>
Total distributions paid .....	<u>\$18,680,087</u>	<u>\$19,498,942</u>

As of March 31, 2025, investment cost for federal tax purposes was \$317,156,000 and the tax basis components of net assets were as follows:

Unrealized appreciation .....	\$143,146,235
Unrealized depreciation .....	<u>(10,671,776)</u>
Net unrealized appreciation .....	<u>132,474,459</u>
Undistributed ordinary income .....	2,090,653
Accumulated undistributed net realized capital gains .....	15,522,989
Other temporary differences .....	<u>(4,810,235)</u>
Paid in capital .....	<u>304,564,303</u>
Net assets .....	<u>\$449,842,169</u>

The differences between U.S. GAAP financial statement and tax-basis cost is attributable primarily to the Fund's holdings in partnership interests.

The Fund had no material uncertain tax positions and has not recorded a liability for unrecognized tax benefits as of March 31, 2025. Also, the Fund recognized no interest and penalties related to uncertain tax benefits during the period ended March 31, 2025. At March 31, 2025, the fiscal years 2022 through 2025 remain open to examination in the Fund's major tax jurisdictions.

- (f) The Fund is considered an investment company under U.S. GAAP and follows the accounting and reporting guidance applicable to investment

# Notes to Financial Statements (continued)

March 31, 2025

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companies in the Financial Accounting Standards Board (“FASB”) ASC 946, “Financial Services - Investment Companies.” U.S. GAAP guidance requires management to make estimates and assumptions that effect the amounts reported in the financial statements and accompanying notes. Actual results could differ from estimates.

- (g) In the normal course of business the Fund enters into contracts that contain general indemnification clauses. The Fund’s maximum exposure under these arrangements is unknown, as this would involve future claims against the Fund that have not yet occurred. Based on experience, the Fund expects the risk of loss to be remote.
- (h) In connection with the preparation of the Fund’s financial statements, management evaluated subsequent events after the date of the Statement of Assets and Liabilities of March 31, 2025. On February 10, 2025, the Board of Directors approved a change in the fiscal year end after the completion of the March 31, 2025 year end for the Fund from March 31st to October 31st. Other than this event, there have been no material subsequent events since March 31, 2025 that would require adjustment to or additional disclosure in these financial statements.

## **(2) Related Parties —**

- (a) Investment Adviser and Management Agreement —

The Fund has an agreement with Nicholas Company, Inc. (with whom certain officers and directors of the Fund are affiliated) (the “Adviser”) to serve as investment adviser and manager. Under the terms of the agreement, a monthly fee is paid to the Adviser based on an annualized fee of 0.70% of the average net asset value up to and including \$50 million and 0.60% of the average net asset value in excess of \$50 million.

The Adviser may be paid for accounting and administration services rendered by its personnel, subject to the following guidelines: (i) up to five basis points, on an annual basis, of the average net asset value of the Fund up to and including \$2 billion and up to three basis points, on an annual basis, of the average net asset value of the Fund greater than \$2 billion, based on the average net asset value of the Fund as determined by valuations made at the close of each business day of each month, and (ii) where the preceding calculation results in an annual payment of less than \$50,000, the Adviser, in its discretion, may charge the Fund up to \$50,000 for such services.

- (b) Legal Counsel —

A director of the Adviser is affiliated with a law firm that provides services to the Fund. The Fund incurred expenses of \$6,333 for the period ended March 31, 2025 for legal services rendered by this law firm.

# Notes to Financial Statements (continued)

March 31, 2025

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## **(3) Investment Transactions —**

For the period ended March 31, 2025, the cost of purchases and the proceeds from sales of investment securities, other than short-term obligations, aggregated \$127,172,406 and \$136,609,112, respectively.

## **(4) Operating Segments —**

In this reporting period, the Fund adopted FASB Accounting Standards Update 2023-07, Segment Reporting ("Topic 280") - Improvements to Reportable Segment Disclosures. Adoption of the new standard impacted financial statement disclosures only and did not affect the Fund's financial position or the results of its operations. An operating segment is defined in Topic 280 as a component of a public entity that engages in business activities from which it may recognize revenues and incur expenses, has operating results that are regularly reviewed by the public entity's chief operating decision maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and has discrete financial information available. The management committee of the Fund's adviser acts as the Fund's CODM. The Fund represents a single operating segment, as the CODM monitors the operating results of the Fund as a whole and the Fund's long-term strategic asset allocation is pre-determined in accordance with the terms of its prospectus, based on a defined investment strategy which is executed by the Fund's portfolio managers. The financial information in the form of the Fund's portfolio investments, total returns, expense ratios and changes in net assets (*i.e.*, changes in net assets resulting from operations, subscriptions and redemptions), which are used by the CODM to assess the segment's performance versus the Fund's comparative benchmarks and to make resource allocation decisions for the Fund's single segment, is consistent with that presented within the Fund's financial statements. Segment assets are reflected on the accompanying statement of assets and liabilities as "total assets" and significant segment expenses are listed on the accompanying statement of operations.

# Report of Independent Registered Public Accounting Firm

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To the shareholders and Board of Directors of Nicholas Equity Income Fund, Inc.

## **Opinion on the Financial Statements and Financial Highlights**

We have audited the accompanying statement of assets and liabilities of Nicholas Equity Income Fund, Inc. (the "Fund"), including the schedule of investments, as of March 31, 2025, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, the financial highlights for each of the five years in the period then ended, and the related notes. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of March 31, 2025, and the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

## **Basis for Opinion**

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. Our procedures included confirmation of securities owned as of March 31, 2025, by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP  
Milwaukee, Wisconsin  
May 29, 2025

We have served as the auditor of one or more Nicholas investment companies since 1977.

# Approval of Investment Advisory Contract

(unaudited)

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A discussion of the Approval by the Board of Directors of the Fund's Investment Advisory Contract can be found in the Fund's Semiannual Report dated September 30, 2024.

## Information on Proxy Voting

(unaudited)

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A description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available, without charge, upon request by calling 800-544-6547 or 414-276-0535. It also appears in the Fund's Statement of Additional Information, which can be found on the SEC's website, [www.sec.gov](http://www.sec.gov). A record of how the Fund voted its proxies for the most recent twelve-month period ended June 30, also is available on the Fund's website, [www.nicholasfunds.com](http://www.nicholasfunds.com), and the SEC's website, [www.sec.gov](http://www.sec.gov).



# Nicholas Funds Services Offered

(unaudited)

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- IRAs
  - Traditional
  - SIMPLE
  - Roth
  - SEP
- Coverdell Education Savings Accounts
- Automatic Investment Plan
- Direct Deposit of Dividend and Capital Gain Distributions
- Systematic Withdrawal Plan
- Monthly Automatic Exchange between Funds
- Telephone Purchase and Redemption
- Telephone Exchange
- 24-hour Automated Account Information (800-544-6547)
- 24-hour Internet Account Access ([www.nicholasfunds.com](http://www.nicholasfunds.com))

Please call a shareholder representative for further information on the above services or with any other questions you may have regarding the Nicholas Funds.

***Directors and Officers***

DAVID O. NICHOLAS, President and Director

JOHN A. HAUSER, Director

DAVID P. PELISEK, Director

JULIE M. VAN CLEAVE, Director

JENNIFER R. KLOEHN, Senior Vice President,  
Treasurer and Chief Compliance Officer

LAWRENCE J. PAVELEC, Senior Vice President and Secretary

MICHAEL L. SHELTON, Senior Vice President

PAUL J. KNYCH, Vice President

***Investment Adviser***

NICHOLAS COMPANY, INC.

Milwaukee, Wisconsin

[www.nicholasfunds.com](http://www.nicholasfunds.com)

414-276-0535 or 800-544-6547

***Accountant***

***Dividend Disbursing Agent***

***Transfer Agent***

U.S. BANCORP FUND SERVICES, LLC

Milwaukee, Wisconsin

414-276-0535 or 800-544-6547

***Distributor***

QUASAR DISTRIBUTORS, LLC

Portland, Maine

***Custodian***

U.S. BANK N.A.

Milwaukee, Wisconsin

***Independent Registered Public Accounting Firm***

DELOITTE & TOUCHE LLP

Milwaukee, Wisconsin

***Counsel***

MICHAEL BEST & FRIEDRICH LLP

Milwaukee, Wisconsin

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The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contain this and other important information about the investment company, and they may be obtained by calling 1-800-544-6547 or visiting [www.nicholasfunds.com](http://www.nicholasfunds.com). Please read the prospectus carefully before investing.

## Item 8. Changes in and Disagreements with Accountants for Open-End Management Investment Companies.

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There have been no such changes in or disagreements with accountants as contemplated by Item 304 of Regulation S-K.

## Item 9. Proxy Disclosures for Open-End Management Investment Companies.

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Not applicable for this reporting period.

## Item 10. Remuneration Paid to Directors, Officers, and Others of Open-End Management Investment Companies.

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The remuneration paid to directors, officers, and others is disclosed in the Statement of Operations included under Item 7.(a) Financial Statements and Financial Highlights for Open-End Management Investment Companies of this Report.

## Item 11. Statement Regarding Basis for Approval of Investment Advisory Contract.

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The basis for approval of the investment advisory contract is included under Item 7.(a) Financial Statements and Financial Highlights for Open-End Management Investment Companies of this Report.